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UNITED NATIONS ACCOMMODATION

UTILIZATION OF OFFICE ACCOMMODATION AND CONFERENCE FACILITIES AT THE DONAUPARK CENTRE IN VIENNA

Report of the Secretary-General

I. Introduction

1. The General Assembly, in its resolution 3529 (XXX) of 16 December 1975, after taking note of the reports of the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions relating to the inclusion of Vienna in the United Nations pattern of conferences, reaffirmed the need to ensure the most rational and economic use by the United Nations of the conference and office premises being constructed by the Austrian Government on the Donaupark site for the use of the United Nations Industrial Development Organization and the International Atomic Energy Agency. The Assembly also declared its willingness to consider the offer of additional space made available by the Government of Austria, in the building known as Tower A-2 originally intended for the use of IAEA but which that Agency has indicated its willingness to relinquish.

2. The report which follows is made in compliance with the request of the General Assembly, set forth in the final operative paragraph of resolution 3529 (XXX), that the Secretary-General enter into consultations with the Governments of other United Nations host countries which might be affected and present a comprehensive report, together with detailed information as to the administrative, operative, financial and social implications involved in the optimum use to be made of the office space which is being provided at Donaupark for the use of United Nations organizations and services, including those financed from extrabudgetary funds.

3. In accordance with the General Assembly's request, the Secretary-General's representatives have consulted with representatives of the Governments of Switzerland, including the city of Geneva, and the United States since they are the host countries most likely to be affected by any decisions leading to the

establishment or transfer of units of the United Nations Secretariat to Vienna. Consultations have also been held with the representatives of the Government of Austria (including the city of Vienna) and the International Atomic Energy Agency. In making the proposals which are put forward later in this report, every effort has been made to take account of the preoccupations and concerns of the authorities who have been consulted.

II. A proposed plan of action

4. The Secretary-General's report to the thirtieth session of the General Assembly provided detailed information as to the background of the Donaupark project and the original estimates of the space requirements of IAEA and UNIDO on which the Austrian authorities based their plans to construct accommodation for approximately 4,500 to 4,700 persons. The complex, whose construction is proceeding on schedule towards its planned completion date in late 1978 and early 1979, consists of four towers (21 and 8 floors respectively for IAEA, 17 and 12 floors for UNIDO), two common service buildings and a medium-sized conference centre for the joint and shared use of the two organizations. As stated in last year's report both IAEA and UNIDO originally over-estimated their space requirements for future years. As a result, considerable amounts of space will be available, not only for the future growth of these organizations, but also for the accommodation of other units, should it be decided to establish new organizations or to transfer existing units from their present locations to Vienna.

5. The IAEA in 1973, after reassessing its estimated requirements for office accommodation up to 1981, agreed, under certain conditions, 1/ to release the smaller of the two office towers being built for it (Tower A-2) to the United Nations for its permanent use; and the Secretary-General, in his report to the thirtieth session of the Assembly (A/10348, para. 46) expressed the view that it would be prudent to acquire the space in Tower A-2 for the United Nations future use. The extent of the administrative, operative, financial and social problems involved for the United Nations in ensuring the most rational and economic use of the space available in the Donaupark complex will, of course, depend in part, though not entirely, on the decision which the General Assembly is asked to take with reference to the acquisition of the smaller IAEA tower (A-2) in addition to the space which is being constructed specifically for UNIDO needs.

6. The Secretary-General's report to the thirtieth session of the General Assembly presented estimates 2/ showing that in 1979, when the agencies are scheduled to move into the Donaupark complex, UNIDO would require accommodation for approximately 1,400 staff members (regular and extrabudgetary) and associated personnel (consultants, commercial and contractual personnel, other agency representatives, conference staff and other temporary assistance), either in the UNIDO towers or in the common service and conference buildings. On the same basis, a joint IAEA-UNIDO working group, in a report prepared in May 1975, forecasted that IAEA would have a space requirement in late 1978 or at the beginning of 1979 for 1,290 staff and other personnel. While this figure has since been updated to 1,330 there has been no further change since that time in the case of either organization. It would, therefore, appear to be reasonable

1/ See document A/10348, annex I.

2/ A/10348, annex II, p. 1.

to assume that when the buildings are ready for occupancy in the latter part of 1978 and early 1979, the combined requirements of IAEA and UNIDO for space will be somewhat in excess of 2,700. As of that date, therefore, since the maximum capacity of the complex is set at 4,500 to 4,700, space will be available, either in the towers or in the common service buildings and conference centre, for some 1,800 to 2,000 persons.

7. It should not be concluded from this that all of the "surplus" accommodation likely to be available in 1979 could be used for new organizational units or for existing units of the Secretariat to be transferred from elsewhere. In planning the construction of new accommodations for international organizations, prudent planning calls for the provision, in the initial construction plans of future growth requirements for a reasonable number of years. In a memorandum presented to ACABQ last year, it was stated that it would be natural, in planning the UNIDO space requirements for a building which is to become available in late 1978 or early 1979 to project requirements for 10 years ahead and to reserve that amount of space for the present requirements and future growth of UNIDO. ^{3/} On this basis, and on the assumption of an average growth rate of 3 per cent compounded annually ^{4/} for IAEA and UNIDO, it would be necessary to reserve between 900 and 1,000 spaces for the future growth requirements of these two organizations. Any new developments, such as the transformation of UNIDO into a specialized agency, the establishment of an Industrial Development Fund with substantial resources at its disposal or a significant extension of the mandate of IAEA, might reduce this reserve for future "normal" growth.

8. It is not possible to speculate at this stage on the precise requirements for space which might result from major new developments affecting UNIDO or IAEA of the type referred to in the preceding paragraph. However, by adding the immediate requirements of the two organizations for 1979 as set out in paragraph 6 (2700) to the growth requirements for future years as set out in paragraph 7 (900-1,000), it may be concluded that the total amount of space which it would be reasonable to set aside for the immediate and future use of these two organizations should be sufficient to accommodate approximately 3,600 to 3,700 persons. This would still leave space available, after all UNIDO-IAEA requirements have been met, for other organizations or units of the Secretariat amounting to as many as 900 to 1,000 additional persons.

^{3/} ACABQ, in its report to the Fifth Committee (A/10454, para. 9) stated that "Opinions may differ as to the optimum size of such a margin but it would not be unreasonable to suggest that it should suffice to meet requirements for not less than 8 years from the time of first occupancy".

^{4/} For purposes of comparison, it may be noted that the growth rate for the United Nations Secretariat as a whole during the 10-year period 1966-1976 was as follows: Professional posts subject to geographical distribution - 4 per cent; language posts - 4.5 per cent; General Service posts - 5.8 per cent; all categories combined - 5 per cent. For IAEA the reported growth rate for the same period was approximately 4.5 per cent.

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9. In last year's report on this question to the thirtieth session of the General Assembly, a number of alternative uses for this additional space were suggested including:

(a) The establishment of new organizational units in Vienna as determined from time to time by the General Assembly;

(b) The transfer of existing units from their present locations (principally New York and Geneva) to Vienna.

These possibilities will be considered in further detail later in this report; but, first, a closer analysis of the "accommodation surplus" remaining after the full needs of IAEA and UNIDO have been provided for warrants further attention.

10. One important consideration to be taken into account in this connexion relates to the ratio prevailing in various units of the United Nations Secretariat between Professional staff, which is recruited internationally, and General Service staff, which is, for the most part, recruited locally. When transfers have taken place in the past, little difficulty has been encountered in finding alternative employment in the Secretariat for those General Service staff members who are not transferred to the new duty station. Generally speaking, therefore, only Professional staff members are likely to be involved in the transfer of units of the Secretariat from one duty station to another; and it is significant, in this connexion, that fewer than 40 per cent of the staff members of UNIDO - and of the United Nations Secretariat as a whole - are found to be in the Professional category. ^{5/} From this, it would seem reasonable to conclude that somewhat more than half - possibly 60 per cent - of the 1,000 additional staff (comprising organizational units still to be determined) would be General Service personnel (recruited locally); fewer than 500 are likely to be Professional staff members.

11. The essence of the problem, therefore, and the solution to the General Assembly's assertion of "the need to ensure the most rational and economic use by the United Nations of the premises" to be made available at Donaupark would appear to rest on the possibility of locating in the Donaupark complex, within a reasonable period of time, a number of organizational units (newly established or transferred from their present duty stations) comprising up to approximately 500 Professionals. This objective can best be accomplished through the transfer of a number of organizational units over a period of time. For example, a phased schedule of transfers approximating 100 Professionals annually divided equally between New York and Geneva should suffice to utilize within a relatively brief period the additional space available over and above the estimated future requirements of IAEA and UNIDO. To the extent that the General Assembly decided

^{5/} For UNIDO, 64 per cent of the present staff is in the General Service category; only 36 per cent are Professionals. For the United Nations Secretariat as a whole 62 per cent are General Service staff members, 38 per cent Professionals. The percentages given include both regular budget and extrabudgetary posts. For IAEA the proportion of Professionals to total staff is also less than 40 per cent.

to create new organizational units and to locate them in Vienna the time frame required for the achievement of the objective of full and economic utilization of the Donaupark complex would be shortened. On the assumption that the General Assembly approves a "plan of action" of the order of magnitude which has been suggested, the first units could be scheduled for transfer as early as 1978, when some portions of the complex are scheduled to be completed. 6/

12. It should be noted that the total establishment of the United Nations at New York Headquarters at the time of submitting the present report is approximately 5,100 (exclusive of UNDP, UNICEF and UNITAR). The comparable figure for Geneva is approximately 2,700. The records since the creation of the United Nations show that the numbers of personnel at these duty stations have grown steadily over the years. Growth rates of staff have seldom been less than 3 to 4 per cent per year - taking account of the creation of new units, the growth of regular budget staff and the relatively more rapid growth of extrabudgetary staff. What the "phased plan of action" here proposed amounts to, therefore, is not a simple reduction at any given point in time of the size of the continuing establishments in New York and Geneva, but a "skimming off" of a portion of the annual growth which would otherwise have to be provided for through additional rentals or construction at these two duty stations - inevitably involving additional expense for the United Nations regular budget. The prospect, if the proposed phased plan of action is accepted, is for a temporary slowing down of the annual growth rate of the establishments at these two centres, rather than a reduction in the size of the establishments themselves.

13. The proposals resulting from the foregoing analysis may therefore be summed up as follows:

(a) The General Assembly should agree to take over from IAEA for the future requirements of the United Nations the eight-story tower known as A-2, which was originally intended for IAEA needs. The details of the proposed arrangement were set out as annex III in last year's report to the General Assembly (A/10348).

(b) A "plan of action" should be approved, calling for the transfer of existing units from New York and Geneva (or for the establishment of new units in Vienna, should the General Assembly so decide) on the basis of a time-table which would, when completed, result in a rational and economic use of the Donaupark complex and full occupancy within a relatively brief period of time. The detailed schedule indicating the basis on which this objective might be achieved is set out in annex I to the present report.

6/ In a memorandum submitted by the Permanent Representative of Austria under date of 1 October 1974 and circulated as A/9589/Rev.1, it is stated (para. 18) that "Austria is also prepared to provide temporary accommodation for smaller units of the United Nations Secretariat before the completion of the Permanent Headquarters Buildings in 1978".

III. Administrative, operative, financial and social implications

14. As requested by the General Assembly in its resolution 3529 (XXX), an examination has been undertaken of the administrative, operative, financial and social implications of a decision to include Vienna in the pattern of conferences and to make optimum use of the office space to be made available in the Donaupark complex. The details of this study are set forth in annex II of the present report. Briefly summarized, they indicate that:

(a) The conference facilities which will be available in the Donaupark project will be adequate to meet the needs of IAEA and UNIDO and will also be satisfactory for meetings of other United Nations organs of a moderate size.

(b) The relocation of UNIDO and IAEA staffs in their new quarters in Donaupark will present no special difficulties in terms of cost or inconvenience.

(c) Should the General Assembly decide to establish new organizational units in Donaupark, these could be accommodated without difficulty. No particular problems of an administrative, operative, or social character would be foreseen. The availability of rent-free space in the Donaupark complex will obviously be a factor in determining the cost of establishing and maintaining new units in Vienna.

(d) Care must be taken to ensure that the social consequences resulting from the transfer of existing staff units to new duty stations will be minimized. The health, housing, educational and other social facilities available in Vienna are adequate for present staff. The Austrian authorities have given the assurance that this will continue to be the case for future movements of staff and have offered their full collaboration in this regard.

(e) The one-time costs of transferring units of staff from Geneva to Vienna will be quickly recovered, and significant annual savings can be expected thereafter, due to differences in levels of remuneration for both Professional and General Service staff. For transfers from New York, higher one-time costs will be incurred, and recovery of these costs through savings in rentals etc. will be slower. Higher costs for Professional staff in Vienna will be largely offset by lower costs of General Service staff.

(f) Examination of the over-all social, financial, administrative and operational aspects of the problem supports, on balance, the proposal to transfer suitably selected units of staff from New York to Vienna (having regard to cost and, especially, to space considerations) and from Geneva to Vienna (where the cost advantage would appear to be clearly greater).

IV. Implementation of the plan

15. Should the General Assembly approve the phased plan of action, proposed in paragraphs 4-13 of the present report (which is based on the assumption that the United Nations agrees to take over from IAEA responsibility for Tower A-2, as well as the space in the complex originally intended for UNIDO), decisions will have to be taken as to which organizational units at present stationed in New York or Geneva should be transferred to the Donaupark complex. To the extent that the General Assembly may decide to create completely new organizations or organizational units and establish them in Vienna, the requirement to transfer existing units would be modified accordingly. It is not, therefore, considered necessary or feasible, at this stage, to indicate in comprehensive fashion all the units of the Secretariat which might be earmarked for transfer during the entire period of the plan. It will be sufficient to indicate the initial transfers which are proposed covering the initial phases of the plan and to make certain suggestions for the future. It should not be necessary in all cases to delay the timing of transfers until completion of all construction in 1979; some of the units might well be moved earlier, particularly if some of the buildings in the total complex are ready by the latter part of 1978.

16. In this connexion it will be recalled that last year's report stressed the principle that in assessing the possibility of transferring units from their present locations to a new one, every effort should be made to establish and maintain cohesive groupings of similar functions in the same locations. Examples were given of functional groupings which might be considered in conformity with this principle. Reference was also made to units which because of the nature of their functions could operate equally well from a base in any one of several locations. The proposals which follow have been developed within the framework of those principles.

Phase I - 1978

17. Among the units to be transferred when the first elements of the Donaupark complex are scheduled to be ready for occupancy in the latter part of 1978 should be the Centre for Social Development and Humanitarian Affairs (from New York) and the Social Affairs Division (from Geneva). The Centre, at present, comprises 53 Professionals, the Geneva unit, 7. Alternative placement would have to be sought for most or all of the 34 General Service staff remaining behind in New York, and the 7 in Geneva. The transfer of the Centre to rent-free quarters in Vienna would be a first significant step in easing the steadily increasing requirement for additional rented space in New York. 7/

7/ See in this connexion document A/C.5/31/7, paras. 40-46 (Report on utilization of office accommodation at United Nations Headquarters), which states that serious difficulties will be faced in providing accommodation for future staff growth in New York and that continued exploration of the possibility of moving additional units out of Headquarters will have to be rigorously pursued. In commenting on this report, ACABQ (A/31/8/Add.4, para. 10) expressed the opinion

18. Reference was made in the Secretary-General's report a year ago (A/10438, paras. 31-34) to the principle of "functional groupings" which it would be desirable to recognize in considering which units might be transferred. While the original structure of the United Nations Secretariat provided for a full-fledged Department of Social Affairs, this department was later combined with Economic Affairs to form the present Department of Economic and Social Affairs, of which the Centre is a part. The Social Affairs Division, while closely related to the Centre in terms of function and fields of activity, is physically separated from it in Geneva. There would undoubtedly be advantages for the work of both of these important units of social policy if they could be brought closer together and given the opportunity to concentrate more effectively their efforts in the field of social policy and development. A strengthened Centre for Social Development and Humanitarian Affairs, combined with the Social Affairs Division from Geneva and located as a single, fully integrated unit in Vienna would, it is believed, assist greatly in achieving this result.

19. The transfer of a unit of the size proposed above presents a requirement for the provision of a small administrative support unit to carry out those functions relating to personnel, finance etc. which are at present provided by the central administrative services of the Department of Economic and Social Affairs or the central administrative and management services in New York and Geneva. Concurrently with the transfer of these units from New York and Geneva, it is therefore proposed to detail a number of Professional staff members representing the various sectors of administration and management (personnel, budget, accounts etc.) to Vienna to work with the corresponding services in Vienna in establishing the requisite administrative support services for the Centre and for succeeding units of the Secretariat which might have to be transferred in later years. This administrative support unit would consist of the minimum number of staff necessary to service the needs of the initial units transferred from New York and Geneva to Vienna. It might have to be augmented at a later stage with the transfer of additional substantive units from New York and Geneva.

20. It may be noted that two functional commissions - the Commission on Social Development and the Commission on the Status of Women - are served by the Centre for Social Development and Humanitarian Affairs. If the Centre and the Social Affairs Division (Geneva) are moved to Vienna it would be logical, as well as economical, to have future meetings of these Commissions held in Vienna. Such decisions, however, must be taken within the context of the total United Nations

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that "in the light of current administrative, financial and political considerations, the long-term policy for the accommodation of staff in New York should be based upon the rental of the minimum space required additional to that available in the Headquarters building, and the slowing of the rate of growth at Headquarters by the transfer to other locations of appropriate functions when such transfers are functionally and/or financially appropriate".

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pattern of conferences and will, in each instance, be subject to the advice which is given to the General Assembly on such questions by the Committee on Conferences.

21. In referring to the question of functional units, last year's report mentioned, along with the Centre for Social Development and Humanitarian Affairs and the Social Affairs Division in Geneva, the Research Institute for Social Development, also located in Geneva. This Institute, supported entirely by voluntary contributions from a dozen or more Member States has its own Board of Directors and operates under the provisions of a statute which prescribes that the seat of the Institute shall be in Geneva. The Institute is housed in one of the buildings occupied by the United Nations secretariat in Geneva, and the United Nations Office there provides normal support services (meeting rooms, interpretation, documentation, etc), as for regular units of the secretariat. The Secretary-General's representatives have been in touch with the Director of the Institute and the Chairman of the Board and have agreed, at the request of the Chairman, to supply detailed information to the next meeting of the Board in July 1977, on the basis of which the Board can take a decision and advise as to its wishes in the matter. This information will include not only an indication of the financial savings which would result for the Institute and for the United Nations if the Institute were to decide to move but an assessment of other administrative, operative and social implications of such a move. It is recognized that any decision as to the seat of the headquarters of the Institute rests primarily with the members of the Board, together with those countries which are the principal contributors to the work of the Institute.

22. The financial implications of the transfer of the Centre for Social Development and Humanitarian Affairs from New York to Vienna, and of the Social Affairs Division from Geneva to Vienna are set out below. These do not include any savings which might result from meetings of the Social Development Commission or Commission on the Status of Women in Vienna or from a decision by the Board of the Institute to recommend to the General Assembly an amendment of its statute to permit the establishment of its headquarters at a site other than Geneva.

(a) Centre for Social Development and Humanitarian Affairs

One-time costs would amount to \$461,000 (\$414,000 for travel and removal, \$47,000 for furniture and equipment for the unit). In addition, the amount of \$138,000 represents the assumed pro rata share of the unit in the one-time costs of furnishing and equipping the over-all premises. 8/ Annual recurring costs would amount to \$39,300 (\$104,000 in additional payroll costs due to higher post adjustment in Vienna, compared to New York, less \$64,700 in savings on rentals).

(b) Social Affairs Division, Geneva

One-time costs would amount to \$44,700 (\$36,400 for travel and removal, \$8,300 for furniture and equipment for the unit). The sum of \$24,400 represents the assumed pro rata share of the unit in the one-time costs of furnishing and

8/ See document A/10348, annex IV, and III to this report.

equipping the over-all premises. Annual recurring savings would amount to \$164,600 (\$107,200 in payroll costs due to lower costs for Professional and General Service staff in Vienna, compared to Geneva, and \$57,400 in rentals).

(c) Administrative Unit

On the assumption that the administrative unit referred to in paragraph 19 of the report would be composed of five Professional and seven General Service staff, of which four and six respectively would be detailed from New York and the remaining two (one Professional and one General Service staff) from Geneva, the one-time costs would amount to \$45,500 (\$38,400 for travel and removal, \$7,100 for furniture and equipment for the unit). The sum of \$21,000 represents the assumed pro rata share of the unit in the one-time costs of furnishing and equipping the over-all premises. Annual recurring costs would be \$27,800, comprising \$37,600 in additional payroll costs minus a savings of \$9,800 in rental costs.

(d) Summary

The total of (a), (b) and (c) above would result in one-time costs in the amount of \$548,200, together with \$183,400 representing the assumed pro rata share to be attributed to these units with respect to the one-time costs of furnishing and equipping the over-all premises. Annual savings in the amount of \$97,500 would recover these costs over a period of years and would result in net savings to the regular budget each year thereafter.

United Nations Information Service

23. With the establishment of the Centre for Social Development and Humanitarian Affairs in the Donaupark complex, along with UNIDO, IAEA and a number of smaller units, it will no longer be sufficient to deal with the information needs of the growing complex of United Nations activities through the Information Unit presently attached to UNIDO. This unit will need to be converted into an information service combining the information functions relating to UNIDO which have hitherto been the responsibility of the existing unit with the much wider range of tasks that the Service will be responsible for as additional units of the Secretariat are transferred to Vienna and the Donaupark facilities come to be more fully utilized. The additional posts and funds required to convert the presently existing UNIDO unit into a full United Nations information service will be requested in the programme budget for the biennium 1978-1979.

Phase II - 1979

Office of Disaster Relief Co-ordinator

24. By April 1979, according to the time-table of construction, the Donaupark project will be complete and in a position to receive other organizations besides IAEA and UNIDO and the advance organizational units already mentioned. Careful consideration has been given to other units of the Secretariat which might be transferred. The conclusion has been reached that a further unit which might be

considered is the Office of the United Nations Disaster Relief Co-ordinator. This organizational unit is financed in part from the regular budget of the United Nations but to an even greater extent from voluntary contributions. Normal support services are provided by the United Nations Office at Geneva.

25. For the biennium 1976-1977 the establishment for UNDRO is shown in the programme budget estimates as consisting of 24 Professional and 18 General Service posts. Two thirds of these are financed from extrabudgetary contributions. The savings in costs which would result from transfer to Vienna would largely accrue to the side of the budget financed from voluntary contributions. These savings, which are shown below, would more than offset the one-time costs of transferring the Office to Vienna, including the costs of re-establishing in Donaupark the communications centre and related installations which have, within the past two years, been set in place in the Palais in Geneva.

26. It is, however, necessary to consider in this connexion the possible impact of the proposed transfer on the ongoing work programme of the Office, and, in particular, the effect of a transfer on the ability of the Co-ordinator to maintain contact with the network of international organizations and units of the Secretariat with which his work is most closely connected. A number of these bodies are located in different centres around the world, in addition to those in Geneva. Adequate communications facilities will need to be made available to the Co-ordinator to permit immediate communication at any time with these other agencies. While some temporary interference with the ongoing programme of work may be anticipated during the period of actual transfer and installation in Vienna, this can be minimized by adequate advance planning and by the provision in advance of essential communications facilities for the Co-ordinator in the Donaupark premises prior to the actual move.

27. It should be noted that General Assembly resolution 2816 (XXVI) of 14 December 1971, by which the Office of the Co-ordinator was established, stipulates that the permanent office shall be located in Geneva. It will be for the General Assembly to decide whether, in the event that it approves the action proposed in the present report, any further action with respect to resolution 2816 (XXVI) is required.

28. The financial implications of the transfer of UNDRO from Geneva to Vienna would be as follows:

Replacement in Vienna of the recently established communications centre and related facilities would cost approximately \$175,000-\$200,000 (estimate based on full original cost in Geneva). In addition, one-time costs would be incurred in the amount of \$145,800 (\$119,600 for travel and removal, \$26,200 for furniture and equipment for the unit). In addition the sum of \$76,800 represents the assumed pro rata share of the unit in the one-time costs of furnishing and equipping the over-all premises. Annual savings would occur in the amount of \$359,500 (\$319,900 for salaries and \$39,600 for rental costs). Savings would therefore be more than sufficient to meet the one-time costs of transfer, including the cost of re-establishing the communications centre and related facilities in

the new buildings in Donaupark. If, however, it were considered necessary to maintain a small liaison office in Geneva, these savings would be correspondingly reduced.

Narcotic Drugs

29. The various units operating in the field of narcotic drugs control constitute, when taken together, a functional grouping of the kind referred to in the Secretary-General's report to the General Assembly a year ago. It was in conformity with the principle that functional groupings of units of the Secretariat should be brought together that in the mid-1950s the Division of Narcotic Drugs was transferred from New York to Geneva and that in 1971-1972 the United Nations Fund for Drug Abuse Control was also located there. It is therefore logical that the Division and the secretariats of the Fund and the Board, in keeping with this principle, be kept together as a cohesive, well-integrated group.

30. This means that if consideration is to be given to the transfer of any of these units from Geneva to Vienna, the aforementioned principle should be kept in mind. The units of the Secretariat concerned are the Division of Narcotic Drugs, the secretariat of the International Narcotics Control Board, and the secretariat of the United Nations Fund for Drug Abuse Control. The first two units mentioned are financed from the regular budget of the United Nations; the last-mentioned programme is supported entirely from voluntary funds, with normal support services being provided by the United Nations Office at Geneva.

31. Should consideration be given to the relocation of these three units of the Secretariat in Vienna, the Commission of Narcotic Drugs (which is served by the Division) and the International Narcotics Control Board would also be affected. While it would be logical, if a move were made, for future meetings of these bodies to be held in the conference facilities which the Donaupark complex will make available, this will be a matter for the Committee on Conferences to consider and decide in the context of the over-all pattern of conferences.

32. While no formal proposal to transfer any of the units in the narcotics field to Vienna was made in the last year's report, ^{9/} the members of the Commission on Narcotic Drugs, as well as the International Narcotics Control Board have taken note of the possibility that such a transfer might be considered and have expressed reservations with respect to such a suggestion.

33. The reasons given for these reservations include the following:

- (a) The need to be in close proximity to other agencies and to as many delegations as possible;
- (b) The difficulty and expense of moving the Laboratory;
- (c) The dislocation of staff and work.

^{9/} A/10348, para. 33.

Except in the case of the argument concerning the Laboratory, these are considerations which are not unique to the narcotics units. On the score of cost, the expense of moving the Laboratory from Geneva to Vienna must, of course, be measured against any savings which might result. The figures given below demonstrate that savings of more than \$700,000 annually in operating costs could be anticipated from a transfer of the Division (including the Laboratory) and the secretariats of the Board and Fund from Geneva to Vienna. One-time costs of the transfer, including the cost of moving the Laboratory (estimated at around \$500,000), would be fully recovered in the first - or at latest - the second year, with savings of \$718,000 annually thereafter.

34. The detailed financial implications are as follows:

(a) One-time costs of the transfer (exclusive of any special costs relating to transfer of the Laboratory) are estimated at \$458,000;

(b) Annual savings in operating costs (due largely to salary and post-adjustment differentials favouring Vienna) are estimated at \$718,600 (Division of Narcotic Drugs \$390,800, secretariat of INCB \$213,000, secretariat of UNFODAC \$114,800).

35. The numbers of Professional staff that would be affected by a transfer total 49, distributed as follows:

Division of Narcotic Drugs	-	27	(including 9 extrabudgetary)
INCB	-	15	(including 2 " ")
UNFODAC	-	7	(all extrabudgetary)

A total of 42 General Service staff would need to be recruited locally following transfer of the units to Vienna.

36. The General Assembly will undoubtedly wish to consider the significance of the savings which would result from a decision to transfer the narcotics units from Geneva to Vienna. Some temporary inconvenience to staff might be anticipated during the period of the actual transfer - but no more than in the case of any other units. On the other hand, there would be a prospective annual saving of over \$700,000. The General Assembly may wish to express an opinion as to whether the cost savings indicated justify further consideration of the transfer of these units from Geneva to Vienna.

Conference of the Committee on Disarmament

37. In his report to the thirtieth session of the General Assembly, the Secretary-General referred to the principle of functional groupings and the desirability when transfers are being considered of bringing together in a common location those organs and organizational units which have a functional relationship to one another. In that connexion, specific mention was made of the field of disarmament.

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38. The Conference of the Committee on Disarmament is a standing body established by General Assembly resolution (XVI) of 20 December 1961 (later amended in 1969 and 1974 to provide enlargement of the original membership to its present level of 31). In its work related to the limitation or banning of nuclear weapons testing, non-proliferation of nuclear weapons etc., it shares a field of direct interest with the International Atomic Energy Agency. It should also be noted that the Mutual Balanced Forces Reduction talks, as well as some of the earlier SALT talks, have taken place in Vienna. This has raised the question whether it would assist the work of CCD in any way, or facilitate the establishment and maintenance of its contacts with other bodies active in the field of disarmament and located in Vienna, to have CCD transfer its place of meeting to Vienna.

39. The Conference of the Committee on Disarmament is not, of itself, an organizational unit of the Secretariat of the United Nations. It is a Conference, comprising 31 representatives of Member States, whose requirements, in so far as conference services, including meeting facilities, language services, documentation etc. are concerned, are provided out of the regular budget of the United Nations. Costs incurred by the United Nations in this connexion consist only to a limited extent of costs related directly to the Office of the Special Representative. While these amount to little more than \$100,000 annually, the indirect costs of services supplied by other units of the United Nations Secretariat (principally the Conference Services Division of the United Nations Office at Geneva) bring total expenditure up to a level of approximately \$1 million annually. Savings in costs are difficult to calculate, inasmuch as CCD requires conference servicing facilities for only a portion of the year, never exceeding 6 months out of 12. The possibility of significant savings therefore depends on whether or not, during the periods when CCD is not active, conference servicing units of the staff can be fully utilized in providing service to other organizational units in Vienna or elsewhere. It is considered that if the proposals contained in this report are approved, full utilization will be possible in Vienna for those units of the Conference Services Division of the Geneva Office which would have to be transferred to Vienna to provide CCD with the services it requires.

40. The question has been informally brought to the attention of the members of CCD, and it will be for that body to indicate its position in this matter.

Office of Legal Affairs - International Trade Law Branch

41. Among the other units to be considered for possible transfer from New York to Vienna is the International Trade Law Branch of the Office of Legal Affairs, which also serves as the secretariat of the United Nations Commission on International Trade Law (UNCITRAL). The duties of this unit of the Office of Legal Affairs are, to a large extent, unrelated to the general advisory services in legal matters provided to the Secretary-General and to offices at Headquarters by the Office of Legal Affairs. The unit deals with a highly specialized field of law, and its work relates directly and almost exclusively to the work of the Commission (UNCITRAL). It also works in very close liaison with a number of international institutions dealing, inter alia, with matters of international trade law and located in Europe, such as the Hague Conference on Private International Law, the

Institute for the Unification of Private Law (UNIDROIT) (Rome), the Organization of Economic Co-operation and Development (OECE) (Paris), the Council of Europe (Strasbourg), and the International Chamber of Commerce (Paris). If this unit were to be moved from New York to Vienna, and future meetings of the Commission were to be held there, 10 Professionals would be transferred and 5 General Service staff would have to be recruited in Vienna to replace those presently serving in this unit in New York. Savings in space (and consequently rental costs), together with those on General Service costs, would largely offset the additional costs of Professional salaries in Vienna, but would probably not result in recovery of the one-time costs of transfer. One-time costs would amount to \$91,900 (\$83,000 for travel and removal and \$8,900 for furniture and equipment for the unit). The sum of \$26,200 represents the assumed pro rata share of the unit in the one-time costs of furnishing and equipping the over-all premises. There would be additional annual recurring costs of \$17,600 (\$32,800 in additional salaries and common staff costs, offset by savings of \$15,200 in rental).

Phase III - Further possibilities

42. The proposals thus far advanced for consideration are intended, as stated in paragraph 15 of the present report, to cover the initial phases of the plan. Following the installation of UNIDO and IAEA in their new quarters in Donaupark, and the transfer of the first units of the Secretariat from New York and Geneva, other units may be expected to follow until the plan, set out in the earlier part of this report, is fully achieved. Consideration has been given to a number of other possibilities to which the attention of the General Assembly is directed in the following paragraphs.

43. In last year's report to the General Assembly (A/10438), reference was made to a number of other units of the Secretariat that might be considered in future years as possibilities for transfer from New York or Geneva. Included among those mentioned were functional groupings concerned with such areas of activity as industrial development, science and technology and natural resources, and energy, 10/ as well as specific bodies, such as the International Law Commission (which is served by the Codification Division of the Office of Legal Affairs), the

10/ It should be recalled in this connexion that the units concerned with natural resources and energy have to maintain close liaison with UNIDO and IAEA. In this respect, see also General Assembly resolution 2152 (XXI) of 17 November 1966 on the establishment of UNIDO. One of the functions of UNIDO, as contained in para. 2 (a) (viii) of the resolution is the following:

"Offering advice and guidance, in close co-operation with the appropriate bodies of the United Nations, the specialized agencies and the International Atomic Energy Agency, on problems relating to the exploitation and efficient use of natural resources, industrial raw materials, by-products and new products of developing countries, with a view to increasing their industrial productivity and contributing to the diversification of their economies".

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Joint Inspection Unit, the Administrative Tribunal and the Centre for Transnational Corporations. Further consideration will have to be given to these and other possibilities in the course of the fulfilment of the plan. In addition, informal discussions have been held with representatives of the interested Member States concerning the location of the unit for the provision of translation services in the German language, at present established in New York. It is intended to explore this matter further in consultation with these representatives.

Additional support services

44. Reference was made, in paragraph 19 of the present report, to the possibility that, as implementation of the plan of action proceeds beyond the initial phase, additional support staff may have to be provided in Vienna to serve the needs of the substantive units being transferred. While a nucleus of common services staff already exists in UNIDO, this will need to be progressively expanded in order to provide the personnel, financial, language and other common administrative services necessary for the proper functioning of the additional substantive units being transferred from New York and Geneva. The proposed administrative services unit referred to in paragraph 19, while adequate in size to provide the additional support required by the transferred units proposed in phase I, will clearly have to be supplemented by a further unit of similar size during the implementation of phase II. Most of the support staff required will be recruited locally at the General Service level; to the extent that additional Professional staff may be required, this would result in lower requirements for Geneva, since the burden on the central services in Geneva would be reduced through the transfer of units contemplated in phase II.

Planning and co-ordination unit

45. As the date for the completion of the Donaupark complex approaches, and detailed plans for the transfer of UNIDO and units of the Secretariat from New York and Geneva need to be made and implemented, it becomes increasingly urgent to establish a small full-time unit in Vienna for the purpose of ensuring the proper planning and co-ordination of all aspects of this complex undertaking. Hitherto, the responsibility for preliminary planning and for maintaining contact with the Austrian authorities, IAEA officials and other interested parties has been carried intermittently, along with other duties, by officials at UNIDO or at United Nations Headquarters in New York. In last year's report, 11/ authority was requested to establish, beginning in 1977, a small unit to undertake necessary planning and administrative functions, in consultation with the Government of Austria and with UNIDO and IAEA, in respect of Tower A-2. The additional staff required would consist of two Professionals (D-1, P-4) and two General Service posts, at an estimated cost of \$121,000 for 1977. The Advisory Committee for Administrative and Budgetary Questions, in its report (A/10454), invited the Secretary-General to review his proposal for a planning unit.

11/ A/10348, annex IV, p. 3.

46. In the light of the views expressed by ACABQ last year, further consideration has been given to this question. It is submitted that the need to establish such a unit for the over-all purpose of co-ordinating the work associated with preparations for United Nations occupancy of the major part of this large complex now justifies a favourable decision to create such a unit commencing in 1977. The proposal put forward in last year's report is therefore presented again for consideration in the context of the need to provide essential planning and co-ordination services on a full-time basis for United Nations participation in the entire project, rather than in the more limited context of Tower A-2. The related costs on a full-year basic are still estimated at \$121,000 for 1977; assuming a delayed recruitment factor of 40 per cent, the budget requirement for 1977 would be \$72,600.

Annex I

1. In attempting to estimate the rate at which the accommodation to be made available at the Donaupark complex would come into use the following assumptions are made:

(a) That the total capacity of the complex is approximately 4,500-4,700 persons, including non-agency personnel (bank, post office, restaurant etc.), as well as consultants, liaison representatives of other intergovernmental and non-governmental organizations etc. This total breaks down as follows: conference services building 152 (for staff); common services buildings 550; Towers A-1, A-2 (29 floors) and U-1, U-2 (29 floors) 4,098.

(b) That UNIDO, IAEA and other units of the United Nations Secretariat established in Vienna (either as new units or transferred from their present duty stations) will experience an average growth rate of approximately 3 per cent compounded annually. (The actual experience of the United Nations Secretariat as a whole over the 10-year period 1967 to 1976 has been closer to 4.5 per cent.)

(c) That, apart from the growth to be anticipated in the case of IAEA and UNIDO, organizational units of the United Nations Secretariat comprising approximately 100 Professional posts equally divided between New York and Geneva will be transferred annually to Vienna for the period of the plan.

(d) That the ratio of General Service staff to be recruited and employed locally to Professional staff to be posted in Vienna will be of the order of 1.1 to 1. (The ratio of General Service staff to Professional staff in the United Nations Secretariat as a whole, over the 10-year period 1967-1976 has been in excess of 1.6 to 1.)

(e) That as of January 1979, a total of 2,730 persons, representing the combined UNIDO and IAEA establishments at that time (plus associated personnel referred to in para. 6 of the present report), will be ready to move into the Donaupark complex.

2. On the basis of the foregoing assumptions, the following table shows the rate at which the Donaupark complex may expect to be filled to capacity.

<u>As of</u> <u>31 December</u>	<u>Total</u> <u>personnel</u>	<u>3 per cent</u> <u>growth</u>	<u>From</u> <u>New York</u>	<u>From</u> <u>Geneva</u>	<u>Added GS</u> <u>staff</u>
1978	2,730	82	50	50	110
1979	3,022	91	50	50	110
1980	3,323	100	50	50	110
1981	3,633	109	50	50	110
1982	3,952	119	50	50	110
1983	4,281	(capacity is 4,500-4,700)			

3. At the end of the period shown in this table, the complex would, for all practical purposes, be filled to capacity, since no more than three years' additional growth capacity would remain for units installed by the end of 1983.

4. An alternative projection is shown below, based on the assumption that transfers from Geneva and New York to Vienna are continued for an additional year.

<u>As of</u> <u>31 December</u>	<u>Total</u> <u>personnel</u>	<u>3 per cent</u> <u>growth</u>	<u>From</u> <u>New York</u>	<u>From</u> <u>Geneva</u>	<u>Added GS</u> <u>staff</u>
1978	2,730	82	50	50	110
1979	3,022	91	50	50	110
1980	3,323	100	50	50	110
1981	3,633	109	50	50	110
1982	3,952	119	50	50	110
1983	4,281	128	50	50	110
1984	4,619	(capacity is 4,500-4,700)			

Annex II

Administrative, operating, financial and social implications of a decision to include Vienna in the pattern of conferences and to make optimum use of the office space in the Donaupark project

1. The General Assembly, in its resolution 3529 (XXX), requested the Secretary-General to provide detailed information as to the administrative, operating, financial and social implications of a decision to include Vienna in the pattern of conferences and to make optimum use of the office space to be made available in the Donaupark complex.

Conference facilities

2. So far as the matter of conference facilities is concerned, no problems of an unusual or serious nature are foreseen. The conference facilities which form a part of the Donaupark complex and which are intended primarily to meet the needs of IAEA and UNIDO can also be used to accommodate meetings of other United Nations organs or conferences of moderate size. 1/ The Austrian authorities have announced plans to construct a major conference centre that will accommodate large plenipotentiary or other world-wide conferences. A nucleus of conference servicing staff has been built up in Vienna over the years which provides services even now to a number of United Nations meetings and conferences each year. At the present time, this nucleus has to be supplemented by conference servicing staff brought in from elsewhere whenever major United Nations meetings requiring language services for all official and working languages are held. If full use is to be made of the new facilities to be provided in the Donaupark complex, additional staff will have to be trained and employed, particularly interpreters, who are chronically in short supply throughout the world. In this connexion, the Austrian authorities have taken steps to expand existing facilities for the training of interpreters to United Nations standards. Partly as a consequence of this, but also because of the considerable experience already acquired in hosting international conferences, it can be expected that by the time the Donaupark complex is ready to be fully utilized, supporting services to make possible the full and economic utilization of the conference facilities will be adequate to meet anticipated needs.

Office accommodation - new organizational units

3. It can also be stated that in planning the most effective and economical use of office accommodation no particular difficulties of an administrative, operative,

1/ For details see the report of the Secretary-General on the inclusion of Vienna in the pattern of conferences to the thirtieth session of the General Assembly (A/10348, para. 13).

financial or social nature are likely to arise with respect to new organizational units which the General Assembly may decide to establish in Vienna. From the administrative and operational points of view, the problems associated with establishing new units in Vienna are not likely to be greatly different from those which would arise if the units were to be established at the main Headquarters in New York or at Geneva. In fact, in one important respect, namely, that of the availability of space, they are certain to be less. Costs, too, under present circumstances are demonstrably less than Geneva and also somewhat lower than New York. So far as other locations are concerned, comparisons are difficult to make in the absence of precise information as to the facilities already in existence or likely to be made available to the United Nations on a contributed basis. 2/

Office accommodation - UNIDO

4. In the case of UNIDO itself, which is already well established in Vienna, there will, of course, be a temporary period of adjustment, occasioned by the physical transfer from the buildings which are presently occupied to the new quarters. Little dislocation of the established patterns of living for UNIDO staff, present or future, will be involved, except that which may result from decisions voluntarily taken by individual families to move from their present residences to places nearer to their new work place. Certain costs will be incurred in the actual move of UNIDO to its new location. These moving costs, plus the initial installation costs for UNIDO in its new quarters will be of a non-recurring nature, but as noted in last year's report, the continuing costs of maintenance and upkeep in the new complex will be greater than for the buildings which UNIDO occupies at present. Details of these costs are set out in annex III, which up-dates the information presented a year ago in the Secretary-General's revised estimates for the biennium 1976-1977. These costs, while not inconsiderable, are clearly less than those which would be incurred in building or renting elsewhere, particularly since many of the costs represent expenses for equipment which would be required by UNIDO in any other location. Most significant of all, in terms of the assessment to be made of the administrative and operational implications of the UNIDO move to the new quarters will be the expected gains in operating efficiency to be derived from the fact that the UNIDO staff will finally be housed in a single complex instead of in three or more separate structures as at present.

Office accommodation - transfer units

5. While it is true that few problems are expected to arise in connexion with the installation of UNIDO or the establishment of new organizational units (as may be decided by the General Assembly) in the Donaupark complex, it does not follow

2/ As last year's report (A/10348, para. 27) states: "the advantages of office and conference accommodation at Vienna, provided on a rent-free basis, in a complex where the main elements of an international secretariat infrastructure could readily be mobilized, should merit the most serious consideration".

that the same can be said of units and staff transferred from other duty stations. Here, there is inevitably a certain amount of administrative dislocation for a temporary period, while the physical transfer from one location to another is under way. The financial impact of the move must also be carefully assessed, not only the non-recurring costs of the actual transfer but, more important, the increases or savings in major elements of operating costs - salaries and wages, rentals, maintenance and utilities costs etc. Finally, and not least important, it is necessary to assess the extent of the social and personal adjustments which have to be made and which arise inevitably as a consequence of any sizable transfer of offices, people and possessions.

6. Since transfers, if they are to take place, may be assumed on the basis of the plan of action proposed earlier in this report to involve the movement of a certain number of Professional staff from New York and Geneva to Vienna, it is possible to assess with a fair degree of accuracy the savings or additional costs which would result from such moves. The analysis presented in annex IV demonstrates that in the case of transfer from Geneva to Vienna of a unit of 50 Professionals, continuing savings of close to \$900,000 annually at 1976 rates ^{3/} would result. Non-recurring costs relating to the movement of such a unit would, in most cases, be more than recaptured in the first years' savings, owing to the fact that moving costs from Geneva to Vienna are relatively low and that the General Service salary levels and post-adjustments levels are both significantly lower in Vienna than in Geneva. The comparison between Vienna and New York is less clear-cut, with a considerably smaller margin of cost savings in favour of Vienna. Savings result, in any move of staff from New York to Vienna, from the fact that rental costs to be met in New York (including maintenance) are higher than the maintenance costs only for the rent-free property in Vienna. Also, General Service salaries are lower in Vienna than in New York. These savings are largely offset, however, by the non-recurring costs of staff transfer (which are higher from New York to Vienna than from Geneva to Vienna) and by the additional costs resulting from the higher post-adjustment level currently prevailing in Vienna.

7. There remains to be considered the extent of the social adjustments which have to be made by staff members and their families whose transfer from New York or Geneva to Vienna will be necessitated by decisions to transfer certain existing organizational units from these present locations to the new Donaupark complex. The problems that may arise in this connexion are well known, and for this reason it is necessary to stress the vital importance of early decisions being taken as to the first units to be moved and early notification to the staff members concerned. Only in this way can maximum advantage be taken of the time available to make the necessary adjustments and work out the numerous details of the arrangements which have to be made for schooling, housing, transportation of household effects etc., all of which present different types of problems for different families.

^{3/} Includes comparative costs of 55 local staff as between Geneva and Vienna.

8. In this connexion, attention is drawn to the fact that in past years considerable experience has been acquired in the movement of organizational units from New York to other locations. In the 1950s, the Division of Narcotic Drugs was transferred from New York to Geneva. In the mid-1960s, the Centre for Industrial Organization was transferred from New York to Vienna. In 1974, the Human Rights Division was transferred from New York to Geneva. In late 1975 and early 1976, arrangements were made on short notice for the transfer of UNRWA staff (Professionals and others) from Beirut to Vienna and other duty stations. All of these transfers were accomplished with a minimum inconvenience or dislocation.

9. It may be noted in this connexion that one of the advantages of the phased plan of action proposed in the earlier part of the report is that it involves the transfer of limited numbers of personnel from New York or Geneva to Vienna at any one time. This will make it possible to plan carefully and in detail for the transfer of smaller groups and to benefit, in the later years of the plan, from the experience gained in the earlier years. As soon as the final decisions are taken as to the units which are to be transferred, and when, it is intended to establish, as necessary, task forces which will work closely with the affected groups and consult with them as fully and as far in advance as possible on all the modalities of the impending transfer. In this way, it is expected that any temporary social dislocation, as well as any transitional adverse effects on administrative or operational effectiveness, will be kept to a minimum.

10. Most prominent among the concerns of staff members and their families are questions relating to housing, health, transportation and schooling for their children. To these questions should be added that of hotel accommodations sufficient in good quality to meet the needs of delegates attending conferences in the new facilities. Last year's report dealt in preliminary fashion with certain aspects of these questions (A/10348, para. 36). The movement late in 1975 of a number of UNRWA staff from Beirut to Vienna provided an example of the manner in which such a transfer could be carried out smoothly and with a minimum of disruption of ongoing activity. ^{4/} On the basis of this and previous experience, there is every reason to believe that while minor problems will be encountered in the movement of staff from one duty station to another, the experience gained from past movements and the readiness of the local authorities to assure the provision of an adequate basis of housing, schooling and other essential services will minimize the problems of adjustment for families involved in the transfer.

11. When representatives from United Nations Headquarters visited Vienna earlier this year, they inspected a number of typical housing developments which the Austrian and the Viennese authorities are prepared to make available to newly recruited or transferred staff members of the United Nations, and satisfied themselves that, on the base of the numbers to be recruited and transferred in

^{4/} According to the report of the Commissioner-General of UNRWA for 1975-1976 (A/31/13, para. 24): "a small group, consisting of administrative and legal personnel, was sent on temporary duty to Vienna, where fully equipped office space, communications facilities and administrative services were provided ... With the help of UNIDO, the Vienna contingent became immediately operational on arrival in January".

the proposed plan of action, adequate accommodation of good quality, at reasonable prices on either a rental or a purchase basis under a variety of arrangements will be available at the times required for the numbers whom it is proposed to move.

12. Apart from housing, the problem of greatest concern to staff members with children is undoubtedly that of schooling. In this connexion, it may be noted that three international schools are currently operating in Vienna to provide educational facilities for the children of foreign diplomats or international civil servants. The Austrian Government has also indicated its readiness further to extend and enlarge the educational facilities available for children of the international community, should experience establish the need for doing so. It is considered, therefore, that if the schedules for transfers of staff proposed in the phased plan of action are adhered to, it will be possible to assure staff members with school-age children who are required to transfer to Vienna that adequate educational facilities of acceptable quality will be available both in the school system operated by the public authorities and in the private schools which serve the international community.

13. All of the foregoing considerations relating to the social and other implications of transfers from New York or Geneva to Vienna concern the Professional staff members (and their families) who may be required to move. As indicated earlier in the present report, it is not normally the practice to transfer General Service staff, since these are, except in unusual circumstances, recruited locally. However, it is clear that General Service staff are affected in a different but no less critical way by decisions to transfer units with which they have hitherto been working to another duty station. In such circumstances, staff members are threatened not by the social dislocations inherent in a move to a new, strange city, but with the prospect of loss of employment, unless another job can be found for them. The same is true for those Professionals (fortunately few in number) who for valid and legitimate reasons find it impossible to accept a transfer. It is recognized that for these staff members, if they have served the Organization well, a special responsibility exists to protect their position so far as possible through giving to them priority with respect to alternative employment opportunities arising elsewhere in the Secretariat. Experience with previous transfers of staff has been that in most instances, particularly in the case of General Service staff where the volume of the annual turn-over is significant, alternative placement has been possible. Provided the transfers to Vienna from New York and Geneva are carried out over a period of years, as proposed in the phased plan of action, no serious difficulties are anticipated in finding alternative employment for those who are left behind and are interested in continuing to work for the United Nations.

Annex III

1. In document A/C.5/1725 of 26 November 1975, the Secretary-General provided an estimate of the financial implications of the move of UNIDO into the Donaupark complex. These were shown as \$7,770,000. These estimates were based, inter alia, on the assumption of a constant rate of exchange of 18.25 Austrian shillings to the United States dollar, and of an 8 per cent inflation rate for each of the years 1977 through 1979.
2. The assumptions as to currency exchange rates and inflation rates have not changed since document A/C.5/1725 was issued a year ago. However, in the estimates themselves it is necessary to make provision for a number of additional items of equipment for which no provision was made in last year's report. These items are being reported on in the performance report for the current biennium.
3. For the sake of completeness, the additional items are as follow:

Refrigeration equipment for catering facilities	\$91,000
Refrigeration equipment for commissary	33,000
Equipment for monitoring system (conference rooms)	87,000
Television surveillance camera (Treasury)	<u>12,000</u>
	\$223,000

The addition of these items brings the total of the financial implications of the move of UNIDO into the Donaupark complex to \$US 7,993,000, based on the assumptions as to inflation and currency exchange rates set out in paragraph 1.

Annex IV

Financial implications of the transfer of
units from New York or Geneva to Vienna

1. In last year's report to the General Assembly (A/10348, annex IV), an initial statement was provided of financial implications related to the assumption by the United Nations of responsibility for Tower A-2, which would be used to house either new units or units transferred from New York or Geneva to Vienna.

2. The present analysis is made from the point of view of a comparison of the cost of maintaining a given unit of staff at New York or Geneva versus that of locating them in Vienna. (For a definition of the unit, see para. 5 (b) below.) Thus, the analysis attempts to answer the following basic questions:

(a) Can savings be anticipated over time in respect of recurring items, that is, salaries, common staff costs and rental of premises, by transferring units from their present location (either New York or Geneva) to Vienna - or would, on the contrary, additional continuing costs result from the transfer?

(b) What one-time costs will be incurred in transfers in respect of staff relocation and of furnishing and equipping the necessary premises?

(c) Can these one-time costs be recovered, and over what period of time?

3. It has not been considered necessary, in this connexion, to undertake an exhaustive investment study, which would require longer time and greater resources than would be justified for present purposes. Nevertheless, it is believed that the conclusions reached provide a fair basis for comparison.

4. Two different comparisons are shown in this annex.

A. Comparison on the basis of equally apportioned costs

5. The assumptions used are as follows:

(a) All calculations are expressed in 1976 United States dollars and are therefore expressed in constant value.

(b) The analysis is based on the assumption referred to in paragraphs 10-11 of the main body of the present report; thus, units totalling 105 persons have been considered, of whom 50 would be Professionals to be transferred and 55 would be General Service staff to be recruited locally (i.e., a ratio of 1:1.1). The assumed grade structure for these 105 staff members would be as follows:

- (1) For 50 Professional staff: 1 D-2, 4 D-1, 6 P-5, 13 P-4, 15 P-3 and 11 P-2/1;
- (2) For 55 General Service staff: 8 G-5 and 47 G-4/3.

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The grade composition for each category reflects that prevailing at Headquarters at this time.

(c) Rental and maintenance costs have been calculated on a per person basis for outside premises in each location and adjusted for 105 staff members. For Vienna, where the Austrian Government will provide the premises without charge, the estimated costs of utilities and maintenance of Tower A-2, and a proportionate share of the related costs for the common services buildings, have been used in lieu of rent.

(d) One-time costs comprise relocation costs for 50 Professionals (travel, removal and installation) and the costs of furnishing and equipping the premises. It should be noted that although payments for furniture and equipment would mostly take place in the period 1977-1979, for the purpose of this analysis, the costs have been distributed on a per head basis and adjusted for 105 persons.

6. On the basis of the above assumptions, the following figures show various costs for each location by category for units totalling 105 persons:

	<u>New York</u>	<u>Vienna</u>	<u>Differ- ence</u>	<u>Geneva^{1/}</u>	<u>Vienna</u>	<u>Differ- ence</u>
(a) <u>Recurring costs</u>						
Salaries and common staff costs	2,458	2,506	+48	3,285	2,506	-(779)
Rent	252	166	-(86)	260	166	-(94)
	<u>2,710</u>	<u>2,672</u>	<u>(38)</u>	<u>3,545</u>	<u>2,672</u>	<u>-(873)</u>
(b) <u>One-time costs</u>						
Travel and removal		414			259	
Furniture and equipment		246			246	
		<u>660</u>			<u>505</u>	
(c) <u>Number of years needed to recover one-time costs</u>						
		$\frac{660}{38} : 17.4$			$\frac{505}{873} : .6$	

^{1/} According to latest information, a rent reduction of 20 Swiss francs per square metre per year (from 125 to 105 Swiss francs), not known at the time of preparation of this report, has been negotiated with respect to the rental space in Geneva used as the base for this comparison. The effect of this change, on the figures in this table would be to reduce the figure for rent in Geneva to \$244,000 per unit of 105 individuals and correspondingly the total to \$3,529.00. This change does not, however, significantly affect the conclusions reached.

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7. The result of this analysis shows:

(i) Significant cost savings would result from the transfer of a unit of the size used in the illustration from Geneva to Vienna; in a typical case, the one-time costs related to the transfer might be recovered in one year's time or even less;

(ii) For New York, the comparison is less clearly in favour of Vienna but would show that, at present 1976 rates and currency relationships, the one-time costs (relating to a unit consisting of 50 Professionals to be transferred and 55 General Service staff to be replaced by local recruitment) would be recovered over an extended period of time.

8. The above analysis is made on the assumption that transfers of units would take place from New York or Geneva to Vienna. If the question were one of locating new organizational units in either one of the three locations, the result of the analysis would be more favourable to Vienna, since initial travel and removal would have to be incurred in every case - including New York and Geneva - instead of only in Vienna. Thus, whereas the above analysis shows one-time costs only in Vienna, those one-time costs - in the case of new organizational units - would exist in all three cases.

B. Discounted cash flow comparison

9. This second comparison also shows the cost, at 1976 rates, of the transfer each year, during a five-year period, of a unit of 50 Professional and 55 General Services from both New York and Geneva to Vienna against the cost of retaining them in those duty stations. However, whereas the first comparison apportioned the cost of furnishing, equipping and maintaining the premises among each of the units involved, this second comparison assumes that the total costs of furnishing and equipping the premises will have to be borne in the first year, and also that the premises will have to be fully maintained from the first year. Accordingly, these costs are ascribed, in equal halves, to each of the two units assumed to be transferred in the first year, respectively from New York and Geneva. Thereafter, units which are transferred are ascribed their recurring salary costs, together with the one-time costs of travel, removal of furniture and equipment. The final difference resulting from the comparison has been discounted (at an assumed 5 per cent rate) to provide a cash flow comparison over time. The result of this comparison is that the transfer plan, as set out in the body of the report, would result in advantage for Vienna over New York if considered over a 10-year period. In the case of Geneva, as compared to Vienna, the latter yields better results from the second year of operation.

Comparison of New York with Vienna

(In thousands of US dollars at 1976 rates)

	(1) Cost in <u>New York</u>	(2) Cost in <u>Vienna</u>	Difference (2-1) <u>Actual</u> <u>Discounted</u>	
First year	2,710	3,893	1,183	1,183
Second year	5,420	5,920	500	476
Third year	8,130	8,426	296	268
Fourth year	10,840	10,932	92	79
Fifth year	13,550	13,438	(112)	(92)
Sixth year	13,550	12,961	(589)	(461)
Each year thereafter	13,550	12,961	(589)	variable; recovery obtained in tenth year

Comparison of Geneva with Vienna

(In thousands of US dollars at 1976 rates)

	(1) Cost in <u>Geneva</u>	(2) Cost in <u>Vienna</u>	Difference (2-1) <u>Actual</u> <u>Discounted</u>	
First year	3,545	3,738	193	193
Second year	7,090	5,765	(1,325)	(1,262)
Third year	10,635	8,271	(2,364)	(2,144)
Fourth year	14,180	10,777	(3,403)	(2,940)
Fifth year	17,725	13,283	(4,442)	(3,654)
Sixth year	17,725	12,961	(4,764)	(3,732)
Each year thereafter	17,725	12,961	(4,764)	variable
